

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1664-02  
Bill No.: HB 669  
Subject: Dentists; Optometry; Insurance - Medical  
Type: Original  
Date: March 14, 2011

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Bill Summary: Prohibits any contract between a health insurer and a dentist or optometrist from requiring a mandatory fee schedule established by the insurer if the services are not covered in the plan.

**FISCAL SUMMARY**

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	\$0 or (Unknown less than \$50,000)	\$0 or (Unknown)	\$0 or (Unknown)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0 or (Unknown less than \$50,000)</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Federal*			
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Reimbursements and expenditures \$0 to Unknown and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions, and Professional Registration, Missouri Department of Transportation** and **Missouri Department of Conservation** assume the proposal would have no fiscal impact on their agencies.

Officials from the **Department of Public Safety - Missouri State Highway Patrol** defer to the Missouri Department of Transportation for response regarding the potential fiscal impact of this proposal on their organization.

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** state the proposal does not fiscally impact the MCHCP. However, MCHCP members could pay additional out-of-pocket expenses because providers could charge the full fee for non-covered services rather than the discounted fee.

Officials from the **Department of Social Services (DSS) - MO HealthNet Division (MHD)** state Section 376.1226 of this legislation does not revise Chapter 208, RSMo; therefore it does not affect MO HealthNet eligibility or benefits.

This legislation does revise Chapter 376, RSMo. The MHD assumes that since there is no specific exemption for contracts with the state, the legislation will pertain to HMOs that contract with the state to provide health benefits to MO HealthNet Managed Care participants.

MHD recognizes there may be additional costs of doing business for HMOs if this legislation passes and that those costs may be passed on to the MHD. The MHD may incur additional costs for an actuarial analysis to determine if capitated rates should be adjusted for the additional costs incurred by the HMO.

If an actuarial analysis is needed, it will occur in the first year and is a one-time cost. The cost of the analysis will depend on the number of program changes that will need to be analyzed as well as the complexity of those changes. This cost is unknown but may be as high as \$100,000. Since this is an administrative cost there will be a 50% federal match rate.

If the HMOs are required to provide additional benefits and the MHD's current rates don't support those costs, the actuary may require an increase in capitated rates to ensure actuarial soundness.

ASSUMPTION (continued)

If this occurs, the cost to the MHD is unknown. These additional costs would occur in the second and third years.

FY12: Total cost unknown < \$100,000 (GR Unknown < \$50,000)

FY13: Total cost unknown

FY14: Total cost unknown

**Oversight** assumes the provisions of the proposal would not take effect until the beginning of the next plan year (January 1, 2012) and, therefore, presents costs for 6 months for FY 2012.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (6 Mo.)	FY 2013	FY 2014
<b>GENERAL REVENUE FUND</b>			
<u>Costs - DSS</u>			
Increase in program expenditures	<u>\$0 or (Unknown less than \$50,000)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<u><b>\$0 or (Unknown less than \$50,000)</b></u>	<u><b>\$0 or (Unknown)</b></u>	<u><b>\$0 or (Unknown)</b></u>
<b>FEDERAL FUNDS</b>			
<u>Income - DSS</u>			
Increase in program reimbursements	\$0 or Unknown up to \$50,000	\$0 or Unknown	\$0 or Unknown
<u>Costs - DSS</u>			
Increase in program expenditures	<u>\$0 or (Unknown up to \$50,000)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>

FISCAL IMPACT - Local Government

FY 2012  
(6 Mo.)

FY 2013

FY 2014

\$0

\$0

\$0

FISCAL IMPACT - Small Business

The proposal may positively impact small business dentists or optometrists if they are no longer required to follow a mandatory fee schedule for services not covered by a health plan.

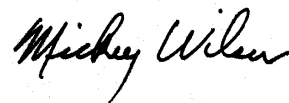
FISCAL DESCRIPTION

This proposal prohibits a contract between a health carrier or health benefit plan and a dentist or optometrist from requiring the provider to provide services to an insured at a fee established by the carrier or plan if the services are not covered under the plan.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Insurance, Financial Institutions, and Professional Registration  
Department of Social Services  
Missouri Department of Transportation  
Department of Public Safety -  
    Missouri State Highway Patrol  
Missouri Consolidated Health Care Plan  
Missouri Department of Conservation



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Director

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